DEPARTMENT OF ENVIRONMENT AND RESOURCE MANAGEMENT

RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2001

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Resource Protection and Development Revolving Fund as at March 31, 2001 and the statements of operations and accumulated operating surplus/(deficit), and changes in accumulated net expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 27, 2001

Fred Wendel, CMA, CA
Acting Provincial Auditor

RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
BALANCE SHEET
As at March 31

	2001	2000
ASSETS		
Current:		
Accounts receivable (Note 10)	$ 79,818	$ 49,698
Inventories	235,556	265,362
Prepaid expenses	46,700	44,942
	362,074	360,002
Capital assets (Note 5)	2,091,893	1,993,147
	$ 2,453,967	$ 2,353,149
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities (Note 10)	$ 276,056	$ 193,806
Unearned revenue	—	2,855
	276,056	196,661
Non-current liabilities:		
Accumulated net expenditure (Statement 3 and Note 10)	2,052,045	1,971,936
Fund equity:		
Accumulated operating surplus/(deficit) (Statement 2)	125,866	184,552
	$ 2,453,967	$ 2,353,149

(See accompanying notes to the financial statements)

RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/(DEFICIT)
For the Year Ended March 31

	Budget 2001 (Note 9)	Actual 2001	Actual 2000
Revenues:			
Radio communications	$ 1,405,000	$ 1,643,422	$ 1,458,914
Equipment rental and recoveries	223,133	216,385	246,866
Staff housing	132,790	137,333	111,432
Northern air operations	110,000	75,331	46,022
Spruce budworm program	—	2,632	1,887,928
Other	—	223	30,303
	1,870,923	2,075,326	3,781,465
Expenses:			
Salaries	920,454	888,201	964,566
Contractual services	258,157	440,404	2,175,492
Materials & supplies	184,500	439,498	274,402
Amortization	336,179	329,501	309,146
Travel & sustenance	55,000	36,345	72,641
Other	116,633	63	666
	1,870,923	2,134,012	3,796,913
Net (loss)/income (Notes 6 and 11)	$ —	(58,686)	(15,448)
Accumulated operating surplus/(deficit), beginning of year		184,552	295,307
Transfer to General Revenue Fund (Note 4)		—	(95,307)
Accumulated operating surplus/(deficit), end of year(Statement 1)		$ 125,866	$ 184,552

(See accompanying notes to the financial statements)

RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE
For the Year Ended March 31

	2001	2000
Financing (provided by)/required for operating activities:		
Net loss/(income)	$ 58,686	$ 15,448
Items not affecting working capital		
-amortization	(329,501)	(309,146)
-(loss)/gain on disposal of capital assets	(19,819)	26,958
Net (decrease)/increase in working capital Items related to operations (Note 7)	(77,323)	(95,429)
	(367,957)	(362,169)
Financing (provided by)/required for investing activities:		
Purchase of capital assets	452,795	135,321
Proceeds from sale of capital assets	(4,729)	(59,657)
	448,066	75,664
Financing activities:		
Payment to the General Revenue Fund (Note 4)	—	95,307
Net increase/(decrease) in financing requirements	80,109	(191,198)
Accumulated net expenditure, beginning of year	1,971,936	2,163,134
Accumulated net expenditure, end of year (Statement 1)	$ 2,052,045	$ 1,971,936

(See accompanying notes to the financial statements)

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RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2001

1. Authority and Definition of Entity

The Revolving Fund operates under the authority of Section 19 of *The Natural Resources Act*. The purpose of the Revolving Fund is to provide resource protection and development services.

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 7. The following accounting policies are considered significant:

a) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure

The accumulated net expenditure of the Fund includes the following:

i) net expenditure/(recovery) for each fiscal year; and

ii) the book value of assets acquired at no charge from another government agency.

c) Inventories

Inventories are valued at the lower of average cost and net realizable value.

d) Revenue recognition

Amounts received under contractual agreements are recognized as revenue in the year in which the related expenses are incurred. Amounts received before expenses are incurred are shown as unearned revenue.

e) Capital Assets

Amortization is calculated on the straight line basis. Annual rates are from 5% to 33% for construction equipment and 8% for radio communication.

3. Authorized Financing

Subsection 19(9) of *The Natural Resources Act* specifies that the maximum accumulated net expenditure which may be outstanding at any time will be set by order of the Lieutenant Governor in Council. A maximum amount of $5,500,000 was established by Order in Council 515/94.

4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with Subsection 19(4) of *The Natural Resources Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated surplus/deficit for the Revolving Fund shall be $200,000. Treasury Board has also specified that if at the end of a fiscal year, the accumulated surplus/deficit exceeds the maximum, then any surplus/deficit in excess of the maximum shall, as soon as possible after the close of the fiscal year be paid to/from the General Revenue Fund. In 1999/00 $95,307 surplus was paid to the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it must be recovered from the General Revenue Fund (Department of Environment and Resource Management's appropriation) in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

5. Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment rental	$ 3,938,712	$ 2,551,701	$ 1,387,011	$ 1,417,945
Radio communications	2,776,678	2,126,330	650,348	553,220
Northern air operations	63,080	8,546	54,534	21,982
	$ 6,778,470	$ 4,686,577	$ 2,091,893	$ 1,993,147

6. Segmented Information

	2001			2000
	Revenues	Expenses	Net Income/ (loss)	Net Income/ (loss)
Radio communications	$ 1,643,422	$ 1,596,465	$ 46,957	$ (21,791)
Equipment rentals	216,385	206,686	9,699	32,929
Staff housing	137,333	251,866	(114,533)	(33,915)
Northern air operations	75,331	76,140	(809)	3,353
Spruce budworm program	2,632	2,632	---	---
Other	223	223	---	3,976
	$ 2,075,326	$ 2,134,012	$ (58,686)	$ (15,448)

7. Net Change in Working Capital Items Related to Operations

	2001	2000
Increase/(decrease) in accounts receivable	30,120	(15,245)
(Decrease)/increase in inventories	(29,806)	(25,681)
Increase/(decrease) in prepaid expenses	1,758	(764)
(Increase)/decrease in accounts payable and accrued liabilities	(82,250)	(50,884)
Decrease/(increase) in unearned revenue	2,855	(2,855)
	$(77,323)	$(95,429)

8. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are settled on normal trade terms. Rates charged by the Revolving Fund for services are calculated to recover costs incurred. These transactions, and amounts outstanding at year end, are as follows:

Category	2001	2000
Revenue	$ 1,896,549	$1,687,058
Expenses	177,693	252,360
Accounts payable and accrued liabilities	30,737	8,158
Accounts receivable	60,344	42,418

In addition, the Revolving Fund pays Provincial Sales tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by the various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

9. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

10. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable and accrued liabilities. Due to their immediate or short-term nature, the fair value of these instruments approximates their carrying value.

The fair value of the accumulated net expenditure has not been provided because it is not practicable to determine the fair value with sufficient reliability.

11. Amount Reported in Public Accounts

The net (recovery)/expense of the Revolving Fund reported in Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2001	2000
Net (loss)/income	$ (58,686)	$ (15,448)
Decrease/(increase) in inventory	29,806	25,681
(Increase)/decrease in net capital assets	(98,746)	206,524
Payment to General Revenue Fund(Note 4)	---	(95,307)
Amounts not included in Public Accounts due to timing	(568)	568
Net (recovery)/expense reported in Public Accounts	$ (128,194)	$ 122,018